

Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-14 IO-14 SP-03 AID-20 EB-11

NSC-07 RSC-01 CIEP-03 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 PRS-01 USIA-15 L-03 H-03 DRC-01

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R 130400Z AUG 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5975

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USADB

FOR NAC AGENCIES

E.OM QQYTWC DECLASS 12/31/75

TAGS: EAID, EFIN

SUBJECT: BANK OPERATIONS IN DEVELOPING MEMBER COUNTRIES
IN SOUTH PACIFIC

SUMMARY: ADB MANAGEMENT HAS PREPARED FOR CONSIDERATION
BY BOARD OF DIRECTORS WORKING PAPER WHICH EXPLORES WAYS
AND MEANS OF MAKING BANK ASSISTANCE TO DEVELOPING MEMBER
COUNTRIES (DMCS) IN SOUTH PACIFIC AREA MORE EFFECTIVE AND
EXPEDITIOUS. DOCUMENT MAKES PROPOSALS FOR CERTAIN ADAPTA-
TION IN BANK'S POLICIES AND PROCEDURES TO BETTER MEET
SPECIAL NEEDS THESE COUNTRIES. END SUMMARY.

1. ADB DOC WORKING PAPER 8-74 ABOVE SUBJECT POUCHED AUG
6 AND SCHEDULED FOR BOARD CONSIDERATION ON OR ABOUT SEPT. 5.

2. WORKING PAPER IS ATTEMPT BY BANK TO REVIEW ITS
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ACTIVITIES IN AND APPROACH TO PROVIDING DEVELOPMENT

ASSISTANCE TO DMCS OF ADB IN SOUTH PACIFIC (BRITISH SOLOMON ISLANDS PROTECTORATE, FIJI, GILBERT AND ELLICE ISLANDS, PAPUA NEW GUINEA, TONGA AND WESTERN SAMOA). DOC NOTES CERTAIN COMMON CHARACTERISTICS OF COUNTRIES (I. E., SMALL SIZE OF ECONOMY, DISTORTED INCOME DISTRIBUTION, GEOGRAPHIC REMOTENESS, DEPENDENCE ON ONE OR TWO PRIMARY COMMODITIES, COMMUNAL LAND TENURE AND SOCIAL CHARACTERISTICS) WHICH MAY JUSTIFY SPECIAL BANK PRACTICES.

3. WORKING PAPER CONCLUDES THERE IS GENERAL NEED TO ADJUST, AS FAR AS PRACTICABLE, BANK'S POLICIES, PROCEDURES AND PRACTICES TO SUIT SPECIFIC REQUIREMENTS OF THESE DMCS, AND TO CONTINUE TO EMPHASIZE TECHNICAL ASSISTANCE (TA), BOTH FOR PROJECT PREPARATION AND ADVISORY PURPOSES, SO AS TO IMPROVE THEIR ABSORPTIVE CAPACITY FOR EXTERNAL ASSISTANCE AND STRENGTHEN THEIR ADMINISTRATIVE MACHINERY FOR ECONOMIC DEVELOPMENT. SPECIFICALLY, PAPER SUGGESTS THAT FOLLOWING APPROACHES BE ADOPTED OR CONTINUED FOR THESE DMCS:

A. ASSISTANCE, WHERE POSSIBLE, IN DEAWUNG UP ECONOMIC DEVELOPMENT PLANS;

B. ESTABLISHMENT AND STRENGTHENING OF NATIONAL DEVELOPMENT BANKS IN COMPREHENSIVE MANNER;

C. FLEXIBILITY TOWARDS FINANCING SMALL PROJECTS WITHOUT LIMITING AMOUNT OF INDIVIDUAL LOAN TO CERTAIN MINIMUM, WITH POSSIBILITY SUBSEQUENTLY OF "PACKAGE" APPROACH FOR SMALL LOANS.

4. TO MAKE BANK OPERATIONS LEAST BURDENSOME AND AS EXPEDITIOUS AS POSSIBLE FOR THESE DMCS WITH THEIR SMALL PROJECTS, WORKING PAPER SUGGESTS THAT SIMPLIFIED PROCEDURES WOULD BE APPROPRIATE WHEREVER POSSIBLE TO MINIMIZE PROCUREMENT DIFFICULTIES AND TO REDUCE TIME AND COST INVOLVED. POSSIBILITIES INCLUDE WAUS TO EXPEDITE BANK APPROVAL OF BIDDING DOCUMENTS, SPECIAL INTERNATIONAL SHOPPING PROCEDURES, AND ASSIGNMENT OF SMALL CIVIL WORKS CONTRACTS TO SUITABLE LOCAL ENTITIES WHERE IT IS EVIDENT FOREIGN CONTRACTORS MAY NOT BE INTERESTED.

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5. FINALLY, DOCUMENT OBSERVES THAT ARRANGEMENTS MIGHT BE WORKED OUT FOR BANK TO PLAY ROLE OF CATALYST TO BRING ABOUT INTER-COUNTRY COOPERATION WHILE SUGGESTING THAT BANK SHOULD MAKE SOME EFFORT TO INITIATE EXCHANGE OF INFORMATION ON PROGRAMS AND PROJECTS IN THESE DMCS AND ON AMOUNTS, TERMS AND PRIORITIES OF AID FROM AID-GIVING COUNTRIES AND AGENCIES.

6. USADB FIND WORKING PAPER TO BE PROMISING FIRST EFFORT

BY BANK IN REASSESSING ITS RELATIONS WITH SOUTH PACIFIC
MEMBER COUNTRIES AS SPECIAL INTEREST GROUP. SOME
SUGGESTIONS IN PROPOSED POLICY PAPER, PARTICULARLY THOSE
RELATED TO PROCUREMENT, NEED ADDITIONAL CLARIFICATION.
WOULD APPRECIATE ANY COMMENTS PRIOR TO BOARD CONSIDERATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TECHNICAL ASSISTANCE, BANK LOANS, BANK SERVICES, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA09622
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740221-0567
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740852/aaaabsmb.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by worrelsw>; APPROVED <26 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANK OPERATIONS IN DEVELOPING MEMBER COUNTRIES IN SOUTH PACIFIC
TAGS: EAID, EFIN, RP, ADB-1
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005